



STATE OF NEVADA

A REPORT TO OUR CITIZENS

THE NEVADA VISION

Nevada's leaders will work to protect the health and welfare of its communities by promoting a healthy economy, a business-friendly environment, and excellent schools.



PLANS FOR THE FUTURE

Ensure a Healthy Economy

- Continue to maintain a business-friendly environment
- Continue to diversify Nevada's economy

Provide First-Rate Education for all Nevadans

- Allow individual schools to decide the educational needs of their student population
- Recruit and retain the highest quality teachers

Improve Health Care for all Nevadans

- Decrease obesity and the related health effects
- Decrease the number of uninsured

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DEMOGRAPHIC INFORMATION

	Calendar Year 2005	Calendar Year 2006
Population	2,414,807	2,495,529
Unemployment Rate	4.0%	4.2%
Per Capita Income	35,883	37,089
Visitor Volume	51,756,013	51,409,699
	Fiscal Year 2006	Fiscal Year 2007
Public School Enrollment	390,966	433,240
State Government Employees	20,589	21,547



NEVADA'S PROGRESS

IN FISCAL YEAR 2007

CONSERVATION:

Water Resources –

Southern Nevada, through encouraging the use of water-smart landscaping and xeriscaping, was able to achieve significant water conservation. Southern Nevada's consumptive water use declined by about 18 billion gallons between 2002 and 2006, despite the fact that there were nearly 330,000 new residents and nearly 40 million annual visitors.

Air Quality –

The State Environmental Commission adopted regulatory changes to create a Nevada Mercury Air Emissions Control Program. This requires mercury air emission controls at precious metal mining facilities. The new program will help prevent mercury from being released into the atmosphere.

Pollution Cleanup –

Nevada continues to make progress toward achieving the 25% recycling goal. There are many challenges to overcome before recycling will thrive in Nevada. The Nevada Division of Environmental Protection is encouraged by the level of recycling seen around our state in a largely voluntary program. With the diversification of Nevada's economy the collection and recycling of materials from businesses will be even more important.



CRIME/SAFETY:

The State Legislature has created the Nevada Identity Theft Passport to assist individuals in recovering control of their identities. Victims of identity theft can receive a secured, personalized identification card to verify their identities to law enforcement and creditors and prove that they are the victims of this crime.

ECONOMY/EMPLOYMENT:

After several years of turning impressive results, Nevada's economy slowed during the fiscal year ending June 30, 2007. The signs of moderation were already visible toward the end of fiscal year 2006. As the housing sector continued to weaken through the fiscal year, both Nevada and the U.S. economy were affected even more than the analysts had predicted. Notwithstanding the housing downturn, the non-residential construction segment continued to grow. Our state remained near the top in personal income growth. In Clark County, household median incomes have risen to over \$53,000.

HEALTH CARE:

The Nevada Health Insurance Flexibility and Accountability (HIFA) program began in December 2006 and is meant to increase coverage of uninsured individuals in Nevada. This is to address the problem of having the eighth highest percentage of uninsured in the country, up from thirteenth in 2006.

EDUCATION:

Nevada has experienced a changing student population over the last decade. The percentage of students who were identified as English Language Learners (ELL) in Nevada increased to 23% as compared to 16% in 2005. Only California and New Mexico had higher percentages of ELL students. Despite the educational barriers faced by Nevada's students, there have been significant improvements in performance, in part due to the funding provided by the Nevada Legislature and educational programs such as Reading First and the Nevada Early Literacy Intervention Program. The statewide dropout rate was reduced to 4.6%, the lowest dropout rate in over a decade. Additionally, the state graduation rate increased to 67.5%, ending a three-year trend of decreasing graduation rates. Nevada continues to rank 46th in spending per student in the country.

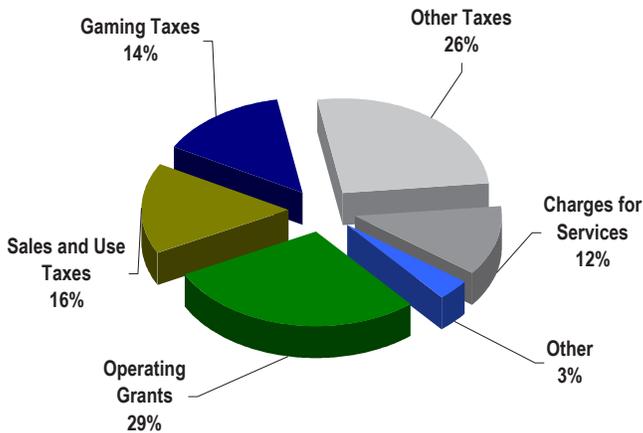


NEVADA'S FINANCES

REVENUES AND EXPENSES

PRIMARY GOVERNMENT SOURCES OF REVENUE

2007 REVENUES BY SOURCE



Revenues By Source Expressed in Thousands	2006 Revenue (in \$)	2007 Revenue (in \$)
Operating Grants	1,959,689	2,124,907
Sales and Use Taxes	1,097,939	1,149,456
Gaming Taxes	1,003,111	1,029,044
Other Taxes	1,873,931	1,940,639
Charges for Services	858,949	888,880
Other	201,180	258,498
Total Revenues	6,994,799	7,391,424

Notes

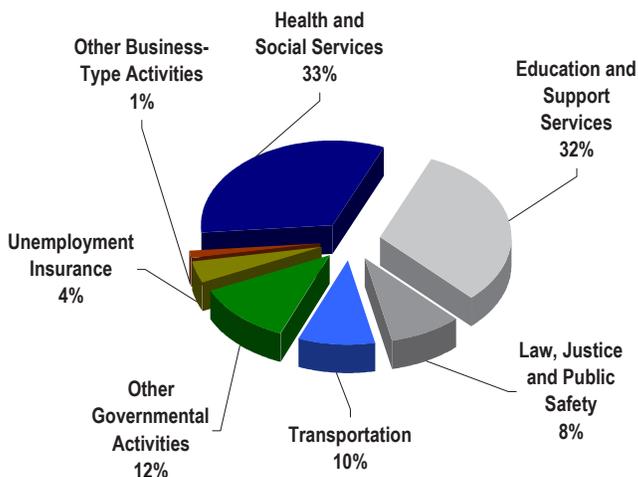
Operating Grants – Primarily federal grants for various state programs

Other Taxes – Includes modified business tax, insurance premium tax, motor and special fuel tax, property and transfer tax

Charges for Services – Includes inspections, licensing, permits, and fees

PRIMARY GOVERNMENT FUNCTIONAL EXPENSES

2007 EXPENSES BY FUNCTION



Expenses by Function Expressed in Thousands	2006 Expenses (in \$)	2007 Expenses (in \$)
Health and Social Services	2,198,551	2,340,884
Education and Support Services	1,830,236	2,254,626
Law, Justice and Public Safety	578,049	624,149
Transportation	508,569	680,281
Other Governmental Activities	742,496	849,919
Unemployment Insurance	239,232	296,784
Other Business-Type Activities	112,155	106,347
Total Expenses	6,209,288	7,152,990

Notes

Other Governmental Activities – Regulation of business, recreation and resource development, general government

Other Business-Type Activities – Housing, workers' compensation, higher education

An independent audit of the State's financial statements resulted in a clean audit opinion. Financial information is prepared according to Generally Accepted Accounting Principles (GAAP).



To see the Comprehensive Annual Financial Report, visit: controller.nv.gov

WHAT'S NEXT?

FUTURE CHALLENGES AND ECONOMIC OUTLOOK

CRIME/SAFETY:

War on Meth – Methamphetamine is the drug most frequently encountered by our police officers. According to the federal Substance Abuse and Mental Health Services Administration (SAMHSA), methamphetamine addiction in Nevada increased 58% between 1995 and 2005. Nevada currently ranks number one in the nation for methamphetamine use per capita. To address the problem, a working group on methamphetamine use was created. They are tasked with studying the impact of methamphetamine on the state's law enforcement, corrections facilities, social services, and community services.



ECONOMIC CHALLENGES:

Mortgage Crisis –With Nevada leading the nation in foreclosures and having the highest rate of subprime and adjustable rate mortgages, our economy will be affected for the foreseeable future. Nevada's jobless rate of 5.1% has edged ahead of the national average after trending down for the past 5-years. Initial claims for unemployment insurance are up 20% from just one year ago. In addition, job growth has eased and remains at its lowest point since mid-2002.

TRANSPORTATION:

Close to \$1 billion of the \$3.8 billion needed in funding for critical transportation projects was raised by reallocating other resources, pushing total projected expenditures related to highway projects for the FY 08-09 biennium over \$1.2 billion. The Blue Ribbon Task Force has said that unless action is taken now to substantially increase funding for and hasten construction of the State highway system, the safety, quality of life, and economy of Nevada and its residents and businesses will suffer for years to come. Nevada currently has the smoothest roads in the country and ranks first in the country for safe bridges. Nevada's highway fatality rate continues to be 20-40% above the national average. More than one person a day is killed on Nevada roadways. The Nevada Departments of Transportation and Public Safety along with numerous other safety partners are working together to develop the Nevada Strategic Highway Safety Plan (SHSP) in order to address this problem.

WATER:

The Water Division held hearings on applications filed by Las Vegas Valley Water District and the Southern Nevada Water Authority to appropriate water outside of Clark County for the growing water demands of the exploding population and business needs in that county. In northern Nevada, Truckee Meadows Water Authority water conservation consultants met with customers about water waste, assigned a daytime summer watering schedule, and helped high usage customers reduce their water consumption. Conservation and demand management will help to reduce overall demands but the restoration of water sheds is also needed. In order to accomplish this, water needs to be retained upstream to return it underground along the natural watershed. Water conservation will continue to be very important to all of Nevada.

HEALTH CARE:

The increasing rate of obesity is a major public health concern in Nevada because of the increased risk of many preventable diseases and chronic health conditions such as high blood pressure, diabetes, heart disease, stroke, arthritis, and some cancers. Nevada must identify and implement obesity prevention and weight maintenance measures to slow the epidemic. Nevada's rapid growth and low rate of health care coverage has placed unprecedented pressure on Health and Human services to keep pace with increasing demand for services.

*We want to hear from you! Do you believe this report should include any other information?
Please contact: Kim Wallin, State Controller at (775) 684-5632*